

CITY OF TAYLORSVILLE, KENTUCKY
FINANCIAL STATEMENTS
JUNE 30, 2022

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MayorMatt Douglas
CommissionerKathy Spears
CommissionerBeverly Ingram
CommissionerAbbi Nation
CommissionerDiane Bowen

City ClerkSteve Biven
Co-treasurerJan Merzweiler
Co-treasuterKim Forrest
Public Works DiretorHarold Compton
Police ChiefBrian Sumner



INDEPENDENT AUDITOR'S REPORT

Member of City Commission
City of Taylorsville, Kentucky
Taylorsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Taylorsville, Kentucky (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the City, as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
December 1, 2022

City of Taylorsville, Kentucky
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents - unrestricted	\$ 1,798,653	\$ 977,709	\$ 2,776,362
Cash and cash equivalents - restricted	443,413	3,754,911	4,198,324
Receivables	164,284	259,239	423,523
Inventories		794,804	794,804
Nondepreciable capital assets	75,416	1,921,743	1,997,159
Depreciable capital assets	861,902	20,941,295	21,803,197
Total assets	3,343,668	28,649,701	31,993,369
Deferred outflows of resources			
Debt refunding		104,661	104,661
Pension related	97,801	304,792	402,593
OPEB related	76,868	332,072	408,940
Total deferred outflows	174,669	741,525	916,194
Liabilities			
Accounts payable	16,916	33,610	50,526
Accrued liabilities	11,848	74,097	85,945
Customer deposits		173,740	173,740
Noncurrent liabilities:			
Due within one year			
Compensated absences	23,271	71,272	94,543
Interest payable		101,015	101,015
Bonds payable		303,308	303,308
Due in more than one year			
Bonds payable		7,326,658	7,326,658
Net pension liability	514,569	1,917,645	2,432,214
Net OPEB liability	156,286	575,675	731,961
Total liabilities	722,890	10,577,020	11,299,910
Deferred inflows of resources			
Debt refunding		146,479	146,479
Deferred inflows related to pensions	147,298	428,931	576,229
Deferred inflows related to OPEB	83,874	332,491	416,365
Total deferred inflows	231,172	907,901	1,139,073
Net position			
Net investment in capital assets	937,318	15,233,072	16,170,390
Restricted	443,413	3,754,911	4,198,324
Unrestricted	1,183,544	(1,081,678)	101,866
Total net position	\$ 2,564,275	\$ 17,906,305	\$ 20,470,580

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Activities
Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Expenses					
Governmental activities						
General government	\$ 221,251	\$	\$ 358,143	\$ 136,892	\$	\$ 136,892
Public safety - police	593,174	39,819	29,588	(523,767)		(523,767)
Sanitation	105,437	101,286		(4,151)		(4,151)
Streets	96,781		15,602	(81,179)		(81,179)
Total governmental activities	1,016,643	141,105	403,333	(472,205)	0	(472,205)
Business-type activities						
Water services	4,562,852	4,806,493	17,876		261,517	261,517
Sewer services	609,870	594,398			(15,472)	(15,472)
Total business-type activities	5,172,722	5,400,891	17,876	0	246,045	246,045
Total City	\$ 6,189,365	\$ 5,541,996	\$ 421,209	(472,205)	246,045	(226,160)

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Activities - Continued
Year Ended June 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General revenues			
Property tax	254,455		254,455
Occupational license tax	404,519		404,519
Insurance premium tax	277,265		277,265
Licenses and permits	51,002		51,002
Franchise fees	85,847		85,847
Interest	1,512	6,546	8,058
Other revenues	5,405	48,153	53,558
Gain on sale of assets	0		0
Total general revenues	1,080,005	54,699	1,134,704
Change in net position	607,800	300,744	908,544
Net position - beginning	1,956,475	17,605,561	19,562,036
Net position - ending	\$ 2,564,275	\$ 17,906,305	\$ 20,470,580

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Special Revenue	Total Governmental Funds
Assets			
Cash and cash equivalents - unrestricted	\$ 1,798,653	\$	\$ 1,798,653
Cash and cash equivalents - restricted	347,571	95,842	443,413
Receivables	164,284		164,284
Total assets	\$ 2,310,508	\$ 95,842	\$ 2,406,350
Liabilities			
Accounts payable	\$ 16,916	\$	\$ 16,916
Accrued liabilities	11,848		11,848
Total liabilities	28,764	0	28,764
Fund balances			
Restricted	347,571	95,842	443,413
Unassigned	1,934,173	0	1,934,173
Total fund balances	2,281,744	95,842	2,377,586
Total liabilities and fund balances	\$ 2,310,508	\$ 95,842	\$ 2,406,350

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds	\$ 2,377,586
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	937,318
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Deferred outflow and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - OPEB	76,868
Deferred outflows - pension	97,801
Deferred inflows - OPEB	(83,874)
Deferred inflows - pension	(147,298)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(23,271)
Net pension liability	(514,569)
Net OPEB liability	(156,286)

<u>Net position of governmental activities</u>	<u>\$ 2,564,275</u>
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See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Special Revenue	Total Governmental Funds
Revenues			
Property tax	\$ 256,113	\$	\$ 256,113
Occupational license tax	404,519		404,519
Insurance premium tax	277,265		277,265
Licenses and permits	51,002		51,002
Intergovernmental	29,588	15,602	45,190
Franchise fees	85,847		85,847
Charges for services	101,286		101,286
School resource officer	39,819		39,819
Grant proceeds	358,143		358,143
Interest	1,443	69	1,512
Other	5,405		5,405
Total revenues	1,610,430	15,671	1,626,101
Expenditures			
Current			
General government	197,023		197,023
Police	573,947		573,947
Sanitation	105,437		105,437
Streets	243,889	1,183	245,072
Streets	6,097		6,097
Total expenditures	1,126,393	1,183	1,127,576
Net change in fund balances	484,037	14,488	498,525
Beginning fund balances	1,797,707	81,354	1,879,061
Ending fund balances	\$ 2,281,744	\$ 95,842	\$ 2,377,586

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
June 30, 2022

Net change in fund balances - total governmental funds	\$ 498,525
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	157,853	
Depreciation expense	<u>(60,791)</u>	
		97,062

Revenues in the statement of activites that do not provide current financial resources are not reported in the funds.	(1,658)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	730
Change in OPEB liabilites and deferred amounts	2,496
Change in pension liabilites and deferred amounts	10,645

Change in net position of governmental activities	<u>\$ 607,800</u>
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See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Net Position – Proprietary Fund
June 30, 2022

	Utility Fund
Assets	
Current assets	
Cash and cash equivalents - unrestricted	\$ 977,709
Cash and cash equivalents - restricted	3,754,911
Customer receivables	259,239
Inventories	794,804
Nondepreciable capital assets	1,921,743
Depreciable capital assets, net	20,941,295
Total assets	28,649,701
Deferred outflows of resources	
Debt refunding	\$ 104,661
Pension related	304,792
OPEB related	332,072
Total deferred outflows of resources	741,525
Liabilities	
Accounts payable	33,610
Accrued expenses	74,097
Customer deposits	173,740
Noncurrent liabilities:	
Due within one year	
Compensated absences	71,272
Interest payable	101,015
Bonds payable	303,308
Due in more than one year	
Bonds payable	7,326,658
Net pension liability	1,917,645
Net OPEB liability	575,675
Total liabilities	10,577,020
Deferred inflows of resources	
Debt refunding	146,479
Pension related	298,818
OPEB related	332,491
Total deferred inflows of resources	777,788
Net position	
Net investment in capital assets	15,233,072
Restricted	3,754,911
Unrestricted	(951,565)
Total net position	\$ 18,036,418

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
June 30, 2022

	Utility Fund
Operating revenues	
Water revenue	\$ 4,806,493
Sewer revenue	594,398
Total operating revenues	5,400,891
Operating expenses	
Water services	3,614,833
Sewer services	348,961
Total operating expenses	3,963,794
Operating income before depreciation	1,437,097
Depreciation	984,501
Operating income	452,596
Non-operating income (expense)	
Grant revenue	17,876
Interest income	6,546
Other revenue	48,153
Interest expense	(224,427)
Total non-operating income (expense)	(151,852)
Change in net position	300,744
Net position - beginning	17,605,561
Net position - ending	\$ 17,906,305

See accompanying notes to financial statements.

City of Taylorsville, Kentucky
Statement of Cash Flows - Proprietary Fund
June 30, 2022

	Utility Fund
Cash flows from operating activities	
Receipts from customers	\$ 5,402,048
Payments to suppliers and service providers	(3,034,145)
Payments to employees for salaries and benefits	(1,485,739)
Net cash provided by operating activities	882,164
Cash flows from capital and related financing activities	
Acquisition of property	(987,258)
Principal payments on bonds	(3,556,135)
Borrowings	3,320,000
Interest payments on bonds	(274,762)
Net cash used by capital and related financing activities	(1,498,155)
Cash flows from investing activities	
Other cash receipts	66,029
Cash received from interest income	6,546
Net cash provided by investing activities	72,575
Net increase in cash and cash equivalents	(543,416)
Cash and cash equivalents, beginning of year	5,276,036
Cash and cash equivalents, end of year	\$ 4,732,620

See accompanying notes to financial statements.

NOTE 1: ACCOUNTING POLICIES

Kentucky Revised Statutes and Ordinances of the City Commission of the City of Taylorsville, Kentucky (City) designate the purpose, function and restrictions of the various funds.

Reporting Entity

The City operates under a Mayor-Commission form of government comprised of the Mayor and four commission members. The City's major operations include public safety, street maintenance, and general administrative services. In addition, the City operates a water and sewer system and provides solid waste collection. The financial statements of the City include all of the funds for which the Mayor and City Commission are financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards was determined on the basis of the City's ability to significantly influence operations, select the governing authority, participate in fiscal management, and the scope of public services. The City has no component units or entities for which the government is considered to be financially accountable.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to determine legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the proprietary funds include personnel and other expenses

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky.

Municipal Road Aid Fund - The municipal road aid accounts for the allocation of funds from the Commonwealth of Kentucky as provided in KRS 174 for design, right-of-way acquisitions utilities construction, and other municipal road aid expenditures.

Proprietary Fund Types

Utility Fund – The utility fund accounts for the City's water and sewer activities. The utility fund is a major fund of the City.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (e.g. revenues and other financing sources) and uses (e.g. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government –wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for governmental funds.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. The City's infrastructure consists of sidewalks, streets, and traffic signals. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value to the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Improvements	20 years
Infrastructure	40 years
Vehicles	7 years
Equipment	7 years

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources – Pension and OPEB

The City reports decreases in net position that relates to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred outflows of resources reported in the financial statements include (1) deferred outflows of resources for contributions made to the City's defined benefit pension plan between the measurement date of the plan net pension liabilities and the end of City's fiscal year and (2) deferred outflows of resources related to the changes between the expected and actual experiences for the plan and changes in actuarial assumptions. Deferred outflows for pension contributions will be recognized in the

subsequent fiscal year. The deferred outflows related to experience and assumption changes will be recognized in future periods.

Deferred Inflows of Resources – Pension and OPEB

The City reports increases in net position that relates to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred inflows of resources reported in the financial statements arise from changes in the expected and actual experiences for the plan and for changes in assumptions. The deferred inflows related to these changes will be recognized in future periods.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as the are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net OPEB Liability

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as the are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and retirement incentives that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Commission (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Commission removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Assigned - amounts are intended to be used by the City Commission for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Commission.

Unassigned - the residual classification for the general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within restricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used.

Revenues

Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty days of year end.

Nonexchange transactions

Transactions in which the City receives value without directly giving equal value in return, include property taxes, and grants. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, for which the City must provide local resources to be used for a specified purpose, and expenditure requirements, for which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: state-levied locally shared taxes.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, where are presented as internal balances.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

Budgetary Basis of Accounting - The City's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and GAAP basis are: (1) revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and (2) expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/objective level. All budget appropriations lapse at year-end.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the City Commission.

Subsequent Events

The City evaluated subsequent events for potential recognition and disclosure through December 2, 2022, the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

The City maintains the following governmental activity cash accounts:

General fund checking	\$ 1,798,560	\$
Sidewalk project		82
Street drainage		6,425
ARPA checking		340,747
CDBG checking		317
Municipal aid checking		95,842
Petty cash	93	
Total governmental funds cash	\$ 1,798,653	\$ 443,413

NOTE 2: CASH AND CASH EQUIVALENTS - CONTINUED

The City maintains the following business-type activity cash accounts:

	Non-restricted	Restricted
Water and sewer money market	\$ 369,074	\$
Operation and maintenance checking	607,651	
Revenue checking		4,805
Bridge projects		82
Escrow checking		127,240
Water and sewer extension checking		31,656
Bond and interest checking		367,664
Depreciation money market		2,976,620
Bloomfield Road water system		81
Customer rebate checking		776
Normandy waterline relocate		82
Meter set and supplemental checking		46,500
Funds in trust		662
Rural water escrows		198,743
Subtotal	976,725	3,754,911
Cash on hand	484	
Petty cash	500	
Total proprietary fund cash	\$ 977,709	\$ 3,754,911

Concentrations of Credit Risk

At June 30, 2022, the carrying value of the City's deposits exceed the Federal Deposit Insurance Corporation (FDIC) insurance. Total deposited funds in excess of the \$250,000 insured by FDIC are covered by securities pledged for the City by the holding bank.

Custodial Credit Risk

Kentucky Revised Statutes (KRS) authorizes municipalities to invest in obligations of the United States of America and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge security obligations of the United States of America government or its agencies.

The Ordinances authorizing the Waterworks and Sewer System revenue bonds require that the City of Taylorsville establish a sinking fund and a depreciation reserve fund.

The sinking fund is funded in an amount not less than the maximum annual requirements for the payment of principal and interest on all revenue bonds. The sinking fund has a balance of \$367,664 as of and is considered fully funded.

The depreciation reserve fund is to be funded monthly from the revenue fund until fully funded at \$485,440. The balance in the depreciation reserve is \$2,976,620 and is considered fully funded.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is summarized below:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets				
Land	\$ 75,416	\$ 0	\$ 0	\$ 75,416
Buildings and improvements	1,094,453	151,756		1,246,209
Vehicles	521,495	6,097		527,592
Equipment	127,894	0		127,894
Total capital assets	1,819,258	157,853	0	1,977,111
Less accumulated depreciation for				
Buildings	439,792	30,261		470,053
Vehicles	425,245	27,483		452,728
Equipment	113,965	3,047		117,012
Total accumulated depreciation	979,002	60,791	0	1,039,793
Capital assets, net	\$ 840,256	\$ 97,062	\$ 0	\$ 937,318

Depreciation was charged to following government funds:

General government	\$ 3,465
Public safety - police	24,228
Streets	33,098
Total depreciation	\$ 60,791

NOTE 3: CAPITAL ASSETS- CONTINUED

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets				
Land	\$ 471,118	\$	\$	\$ 471,118
Construction in progress	652,619	798,006		1,450,625
Buildings and improvements	680,161			680,161
Machinery and equipment	496,761	5,085		501,846
Vehicles, water	878,416	7,172		885,588
Vehicles, sewer	53,896			53,896
Louisville line project	3,849,395			3,849,395
Phase I water distribution system	2,575,753			2,575,753
Phase II water distribution system	4,158,606			4,158,606
Phase III water distribution system	3,336,509			3,336,509
Phase IV water distribution system	576,194			576,194
Water system	12,508,259	146,235		12,654,494
Sewer system	5,278,730	30,760		5,309,490
Waste water upgrade	3,901,744			3,901,744
Total capital assets being depreciated	39,418,161	987,258	0	40,405,419
Less accumulated depreciation for				
Buildings and improvements	483,570	16,652		500,222
Machinery and equipment	443,963	11,375		455,338
Vehicles, water	641,643	46,875		688,518
Vehicles, sewer	53,896			53,896
Louisville line project	2,383,762	95,610		2,479,372
Phase I water distribution system	1,126,892	64,394		1,191,286
Phase II water distribution system	1,472,819	103,966		1,576,785
Phase III water distribution system	1,003,906	83,414		1,087,320
Phase IV water distribution system	155,644	14,406		170,050
Water system	4,640,237	313,714		4,953,951
Sewer system	3,227,889	136,551		3,364,440
Waste water upgrade	923,659	97,544		1,021,203
Total accumulated depreciation	16,557,880	984,501	0	17,542,381
Capital assets, net	\$ 22,860,281	\$ 2,757	\$ 0	\$ 22,863,038

Depreciation was charged to following business-type funds:

Water	\$ 750,405
Sewer	234,096
Total depreciation	\$ 984,501

NOTE 4: RECEIVABLES

Receivables due the City at year end are as follows:

	Governmental Activities	Business-Type Activities
Property taxes	\$ 48,989	\$
Insurance tax	30,009	
Occupational tax	77,039	
Franchise fees	4,342	
KLEFPF	3,905	
Customer accounts		259,239
Total receivables	\$ 164,284	\$ 259,239

The City believes all receivables are collectible therefore no allowance for doubtful accounts has been recorded.

NOTE 5: LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	Balance 7/1/2021	Borrowings	Repayments	Balance 6/30/2022	Amounts Due Within One Year
Revenue bonds					
Kentucky Infrastructure Authority					
F02-03	\$ 169,101	\$ 0	\$ (67,135)	\$ 101,966	\$ 67,808
Rural Development Agency					
Series 1994 A 92-07	368,000	0	(368,000)	0	0
Series 1998 91-10	1,240,000	0	(1,240,000)	0	0
Series 2001 92-12	496,000	0	(496,000)	0	0
Series 2004 91-13	1,307,000	0	(1,307,000)	0	0
Series 2008 County	1,152,000	0	(23,000)	1,129,000	24,000
Series 2008 City	170,500	0	(3,500)	167,000	3,500
Series 2011 A	734,000	0	(17,500)	716,500	18,000
Series 2011 B	472,000	0	(11,000)	461,000	11,000
Series 2019 County	1,261,500	0	(15,000)	1,246,500	15,500
Series 2019 City	496,000	0	(8,000)	488,000	8,500
Series 2021C		3,320,000		3,320,000	155,000
Total long-term liabilities	\$ 7,866,101	\$ 3,320,000	\$ (3,556,135)	\$ 7,629,966	\$ 303,308

NOTE 5: LONG-TERM OBLIGATIONS - CONTINUED

The minimum obligations of the City at June 30, 2022 for debt service (principal and interest) are as follows:

Year Ended			
June 30	Principal	Interest	Total
2023	303,308	214,935	518,243
2024	272,158	206,655	478,813
2025	246,500	198,850	445,350
2026	254,000	193,970	447,970
2027	266,000	182,772	448,772
2028-2032	1,434,000	796,685	2,230,685
2033-2037	1,531,000	583,160	2,114,160
2038-2042	1,313,500	389,691	1,703,191
2043-2047	902,500	232,465	1,134,965
2048-2052	591,500	109,256	700,756
2053-2057	354,000	50,996	404,996
2057-2060	161,500	6,622	168,122
	<u>7,629,966</u>	<u>3,166,057</u>	<u>10,796,023</u>

NOTE 6: COMPENSATED ABSENCES

City employees earn vacation time based on length of service. Employees cannot opt for cash in lieu of time off. Employees also accrue sick days based on length of service. Sick days are not paid out at retirement or termination. At June 30, 2022, accrued compensated absences are \$94,543.

NOTE 7: RETIREMENT PLANS

The City is a participating employer of the County Employees' Retirement System (CERS) or (Plan). Under provision of Kentucky Revised Statute 61.645, the Board of Trustees of the Kentucky Retirement System administers the CERS. The Kentucky Retirement System issues a publicly available financial reports that may be downloaded from their website.

Plan description

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is divided into a Pension Plan and Health Insurance Fund Plan (Other Post-Employment Benefits; OPEB) and each plan is further divided based on Non-hazardous duty and Hazardous duty covered employee classifications.

Benefits provided

CERS provides retirement, health insurance, death, and disability benefits to employees and beneficiaries. Employees are vested in the plan after five years of service.

NOTE 7: RETIREMENT PLANS (CONTINUED)

For retirement purposes, non-hazardous duty employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old, or 25 years service and any age
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal
	Reduced retirement	Not available

For retirement purposes, hazardous duty employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month service and 55 years old, or at least 20 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	Not available

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date

NOTE 6: RETIREMENT PLANS (CONTINUED)

of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

Employees - For the year ended June 30, 2022 nonhazardous covered employees are required to contribute 5% of wages and hazardous covered employees are required to contribute 8% of wages to the plan. Employees who begin participation on or after September 1, 2008 are required to contribute an additional 1%.

Employers - For the year ended June 30, 2022 participating employers contributed 21.17% of wages for non-hazardous covered employees and 33.86% of wages for hazardous covered employees. The City made all required contributions for fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability as follows:

Nonhazardous	\$ 1,917,645
Hazardous	514,569
<u>Total proportionate share of the net pension liability</u>	<u>\$ 2,432,214</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of 2021 contributions to the pension plan relative to the 2021 contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2021 was:

Nonhazardous	0.0301%
Hazardous	0.0193%

NOTE 7: RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2022, the City recognized pension expense of \$196,785. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Nonhazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 22,020	\$ 18,612	
Change of assumptions	25,737		
Change in investment experience	74,392	329,982	
Change in proportionate share of contributions	7,964	80,337	
Total deferred resources	130,113	\$ 428,931	\$ (298,818)
Subsequent contributions	174,679		
Total	\$ 304,792		

Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 14,190	\$ 0	
Change of assumptions	6,427		
Change in investment experience	16,431	71,671	
Change in proportionate share of contributions	7,454	75,627	
Total deferred resources	44,502	\$ 147,298	\$ (102,796)
Subsequent contributions	53,299		
Total	\$ 97,801		

Total Nonhazardous and Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 36,210	\$ 18,612	
Change of assumptions	32,164	-	
Change in investment experience	90,823	401,653	
Change in proportionate share of contributions	15,418	155,964	
Total deferred resources	174,615	\$ 576,229	\$ (401,614)
Subsequent contributions	227,978		
Total	\$ 402,593		

NOTE 7: RETIREMENT PLANS (CONTINUED)

The contributions subsequent to the measurement date of \$227,978 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The net deferral of \$(401,614) will be recognized as pension expense as follows:

Year Ending 30-Jun	Net Deferral
2023	\$ (108,322)
2024	(112,584)
2025	(81,915)
2026	(98,793)
Total	<u>\$ (401,614)</u>

Actuarial assumptions

The total pension liability, net pension liability, and sensitivity information were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles

The actuarial assumptions are:

Valuation date	6/30/2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of difference
Amortization method	Level percent of pay
Remaining amortization period	30 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%
Salary increase rate - hazardous	3.05% - 18.55%

The mortality table used for active members was Pub-2010 General Mortality Table, for the non-hazardous system, and Pub-2010 Public Safety Mortality Table for the hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018 projected with ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was PUB-2010 Mortality Table, with a 4-year set-forward for both male and female rates, projected with ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

NOTE 7: RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.32%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.50%
Expected real return	100.00%	5.00%
Long-term inflation assumption		2.30%

Discount rate

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's CAFR.

NOTE 7: RETIREMENT PLANS (CONTINUED)

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate :

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Nonhazardous	\$ 2,459,470	\$ 1,917,645	\$ 1,469,297
Hazardous	655,889	514,569	399,393
Total	\$ 3,115,359	\$ 2,432,214	\$ 1,868,690

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan description

The City's employees are provide OPEB under provisions of Kentucky Revised Statutes. The Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The CERS Insurance Fund is included in a public available financial report that can be viewed at www.kyret.ky.gov.

Benefits provided

The CERS Insurance hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

For health insurance purposes, employees are grouped into three tiers based on hire date:

Tier 1	
Participation date	Before July 1, 2003
Insurance eligibility	10 years of service credit required
Benefit	Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 2	
Participation date	After September 1, 2008 and before December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually
Tier 3	
Participation date	After December 31, 2013
Insurance eligibility	15 years of service credit required
Benefit	Set dollar amount based on service credit accrued, increased annually

Contributions

For the year ending June 30, 2022, the employer's contribution was 5.78% to the insurance trust for non-hazardous job classifications and 10.47% for hazardous classifications. Participating employers were required to contribute at an actuarially determined rate. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Implicit Subsidy

The fully-insured premiums KRS Pays for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retiree members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Nonhazardous	\$ 575,675
Hazardous	156,286
<u>Total proportionate share of the net OPEB liability</u>	<u>\$ 731,961</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

Nonhazardous	0.0301%
Hazardous	0.1933%

For the year ended June 30, 2022, the City recognized OPEB expense of \$64,697. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Nonhazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 90,525	\$ 171,877	
Change of assumptions	152,622	535	
Change in investment experience	29,004	119,061	
<u>Change in proportionate share of contributions</u>	<u>12,229</u>	<u>41,018</u>	
Total deferred resources	284,380	<u>\$ 332,491</u>	<u>\$ (48,111)</u>
<u>Subsequent contributions</u>	<u>47,692</u>		
<u>Total</u>	<u>\$ 332,072</u>		

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 4,884	\$ 16,814	
Change of assumptions	39,193	58	
Change in investment experience	9,859	39,275	
Change in proportionate share of contributions	6,451	27,727	
Total deferred resources	60,387	\$ 83,874	\$ (23,487)
Subsequent contributions	16,481		
Total	\$ 76,868		

Total Nonhazardous and Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 95,409	\$ 188,691	
Change of assumptions	191,815	593	
Change in investment experience	38,863	158,336	
Change in proportionate share of contributions	18,680	68,745	
Total deferred resources	344,767	\$ 416,365	\$ (71,598)
Subsequent contributions	64,173		
Total	\$ 408,940		

The contributions subsequent to the measurement date of \$64,173 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The net deferral of \$(71,958) will be recognized in OPEB expense as follows:

Year Ending 30-Jun	Net Deferral
2023	\$ (527)
2024	(12,085)
2025	(16,672)
2026	(44,440)
2027	2,126
	<u>\$ (71,598)</u>

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2021, using generally accepted accounting principles.

The actuarial assumptions are:

Valuation date	6/30/2020
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	30 years, closed
Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%
Salary increase rate - hazardous	3.05% - 18.55%
Health care cost trends:	
Pre-65	6.25% decreasing to an ultimate rate of 4.05% in 12 years
Post-65	5.50% decreasing to an ultimate rate of 4.05% in 12 years

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the mortality table used is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back four years for males).

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Expected real return	100.00%	5.00%
Long-term inflation assumption		2.50%

Discount rate

The projection of cash flows used to determine the discount rate of 6.25% for non-hazardous and 6.25% for hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.50%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit study will not be paid out of KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's CAFR.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.20% for non-hazardous and 5.20% for hazardous as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate :

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Nonhazardous	\$ 790,398	\$ 575,675	\$ 399,460
Hazardous	226,586	156,286	99,805
Total	\$ 1,016,984	\$ 731,961	\$ 499,265

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Nonhazardous	\$ 414,418	\$ 575,675	\$ 770,315
Hazardous	102,407	156,286	222,275
Total	\$ 516,825	\$ 731,961	\$ 992,590

OPEB plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 8: CONTINGENCIES

The City is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the City. In the opinion of City management, these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of this and similar cases has been made in the accompanying financial statements

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the City as of June 30, 2022, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Williamstown, Kentucky
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
Revenues				
Property tax	\$ 210,600	\$ 210,600	\$ 254,347	\$ 43,747
Occupational license tax	335,960	335,960	446,000	110,040
Insurance premium tax	281,000	281,000	284,491	3,491
Intergovernmental	17,000	17,000	30,745	13,745
Franchise fees	72,000	72,000	81,505	9,505
Charges for services	105,000	105,000	101,286	(3,714)
School resource officer	31,910	31,910	39,819	7,909
Grant proceeds	360,000	522,000	364,634	(157,366)
Interest and other	17,215	17,215	6,848	(10,367)
Total revenues	1,430,685	1,592,685	1,609,675	16,990
Expenditures				
General government	270,923	270,923	197,023	73,900
Public safety - police	648,461	648,461	573,947	74,514
Public works - sanitation	105,000	105,000	105,437	(437)
Public works - streets	106,301	106,301	243,889	(137,588)
Project expenditures	450,000	612,000	6,097	605,903
Total expenditures	1,580,685	1,742,685	1,126,393	616,292
Net change in fund balance	(150,000)	(150,000)	483,282	633,282
Fund balance - beginning	1,342,872	1,342,872	1,659,163	316,291
Fund balance - ending	\$ 1,192,872	\$ 1,192,872	\$ 2,142,445	\$ 949,573

City of Williamstown, Kentucky
 Budgetary Comparison Schedule – Road Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
Revenues				
Intergovernmental revenues	\$ 16,000	\$ 16,000	\$ 15,602	\$ (398)
Other revenue	100	100	69	(31)
Total revenues	16,100	16,100	15,671	(429)
Expenditures				
Streets	48,000	48,000	1,183	46,817
Total expenditures	48,000	48,000	1,183	46,817
Net change in fund balance	(31,900)	(31,900)	14,488	46,388
Fund balance - beginning	113,028	113,028	81,354	(31,674)
Fund balance - ending	\$ 81,128	\$ 81,128	\$ 95,842	\$ 14,714

City of Taylorsville, Kentucky
 Budgetary Comparison Schedule – Utility Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
Revenues				
Charges for services	\$ 5,344,000	\$ 5,283,612	\$ 5,400,891	\$ 117,279
Project revenue	4,500,000	1,500,000	17,876	(1,482,124)
Other revenue		11,135	54,699	43,564
Total revenues	9,844,000	6,794,747	5,473,466	(1,321,281)
Expenditures				
Operating	5,596,819	5,428,612	5,291,536	137,076
Project expense	4,500,000	1,500,000		1,500,000
Total expenditures	10,096,819	6,928,612	5,291,536	1,637,076
Net change in fund balance	(252,819)	(133,865)	181,930	315,795
Fund balance - beginning	20,110,469	21,110,469	17,605,651	(3,504,818)
Fund balance - ending	\$ 19,857,650	\$ 20,976,604	\$ 17,787,581	\$ (3,189,023)

Note A: Budgetary Basis of Accounting

While the City reports financial position, results of operations, and changes in fund balance in accordance with generally accepted accounting principles (GAAP) accepted in the United States the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenues, expenditures, and changes in fund balances - budget (non-GAAP budgetary basis) and actual is presented to provide a meaningful comparison of actual results with the budget.

Note B: Reconciling Net Change in Fund Balance Budgetary Basis to GAAP Basis

Net change in fund balance	General Fund	Municipal Road Aid Fund	Water and Sewer Fund
GAAP basis	\$ 484,037	\$ 14,488	\$ 430,857
Net adjustment for revenue accruals	(755)		
Net adjustment for expenditure accruals	-		(248,927)
<u>Budgetary basis</u>	<u>\$ 483,282</u>	<u>\$ 14,488</u>	<u>\$ 181,930</u>

City of Taylorsville, Kentucky
Schedule of City's Proportionate Share of the Net Pension Liability
and Contributions - Nonhazardous
Year Ended June 30, 2022

Schedule of City's Proportionate Share of the Net Pension Liability - CERS

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30,	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0301%	0.0305%	0.0334%	0.0323%	0.0316%	0.0309%	0.0320%	0.0340%
City's proportionate share of the net pension liability	\$ 1,917,645	\$ 2,337,944	\$ 2,352,061	\$ 1,967,108	\$ 1,852,104	\$ 1,519,430	\$ 1,376,482	\$ 1,103,000
City's covered payroll	\$ 820,016	\$ 823,591	\$ 854,878	\$ 831,203	\$ 787,016	\$ 774,168	\$ 848,103	\$ 809,994
City's proportionate share of the net pension liability as a percentage of its covered payroll	233.85%	283.87%	275.13%	236.66%	235.33%	196.27%	162.30%	136.17%
Plan fiduciary net position as a percentage of the total pension liability	55.95%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

Schedule of City's Contributions - CERS

As of June 30,	2021	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 174,679	\$ 158,263	\$ 158,953	\$ 138,661	\$ 120,358	\$ 109,788	\$ 96,151	\$ 108,133	\$ 111,293
Actual contribution	174,679	158,263	158,953	138,661	120,358	109,788	96,151	108,133	111,293
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 825,125	\$ 820,016	\$ 823,591	\$ 854,878	\$ 831,203	\$ 787,016	\$ 774,168	\$ 848,103	\$ 809,994
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

City of Taylorsville, Kentucky
Schedule of City's Proportionate Share of the Net Pension Liability
and Contributions - Hazardous
Year Ended June 30, 2022

Schedule of City's Proportionate Share of the Net Pension Liability - CERS

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30,	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0193%	0.0202%	0.0247%	0.0216%	0.0222%	0.0204%	0.0213%	0.0453%
City's proportionate share of the net pension liability	\$ 514,569	\$ 609,578	\$ 681,845	\$ 522,919	\$ 496,586	\$ 350,840	\$ 326,746	\$ 545,000
City's covered payroll	\$ 122,981	\$ 118,693	\$ 168,114	\$ 148,416	\$ 135,674	\$ 103,702	\$ 123,332	\$ 233,137
City's proportionate share of the net pension liability as a percentage of its covered payroll	418.41%	513.58%	405.58%	352.33%	366.01%	338.32%	264.93%	233.77%
Plan fiduciary net position as a percentage of the total pension liability	55.95%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

Schedule of City's Contributions - CERS

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 53,299	\$ 36,968	\$ 35,679	\$ 41,793	\$ 32,948	\$ 29,455	\$ 21,010	\$ 28,304	\$ 50,753
Actual contribution	53,299	36,968	35,679	41,793	32,948	29,455	21,010	28,304	50,753
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 157,410	\$ 122,981	\$ 118,693	\$ 168,114	\$ 148,416	\$ 135,674	\$ 103,702	\$ 123,332	\$ 233,137
Contributions as a percentage of covered payroll	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%

City of Taylorsville, Kentucky
Schedule of City's Proportionate Share of the Net OPEB Liability
and Contributions - Nonhazardous
Year Ended June 30, 2022

Schedule of City's Proportionate Share of the Net OPEB Liability - CERS

As of June 30, Measurement period as of June 30,	<u>2022</u> <u>2021</u>	<u>2021</u> <u>2020</u>	<u>2020</u> <u>2019</u>	<u>2019</u> <u>2018</u>	<u>2018</u> <u>2017</u>
City's proportion of the net OPEB liability	0.0301%	0.0305%	0.0334%	0.0323%	0.0316%
City's proportionate share of the net OPEB liability	\$ 575,675	\$ 735,854	\$ 562,345	\$ 573,642	\$ 636,112
City's covered payroll	\$ 820,016	\$ 823,591	\$ 854,878	\$ 831,203	\$ 787,016
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.20%	89.35%	65.78%	69.01%	80.83%
Plan fiduciary net position as a percentage of the total OPEB liability	64.16%	51.67%	60.44%	57.62%	52.39%

Schedule of City's Contributions - CERS

As of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 47,692	\$ 39,032	\$ 39,202	\$ 44,966	\$ 39,066	\$ 37,225
Actual contribution	<u>47,692</u>	<u>39,032</u>	<u>39,202</u>	<u>44,966</u>	<u>39,066</u>	<u>37,225</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 825,121	\$ 820,016	\$ 823,591	\$ 854,878	\$ 831,203	\$ 787,016
Contributions as a percentage of covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

City of Taylorsville, Kentucky
Schedule of City's Proportionate Share of the Net OPEB Liability
and Contributions - Hazardous
Year Ended June 30, 2022

Schedule of City's Proportionate Share of the Net OPEB Liability - CERS

As of June 30,	2022	2021	2020	2019	2018
Measurement period as of June 30,	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability	0.0193%	0.0202%	0.0247%	0.0216%	0.0222%
City's proportionate share of the net OPEB liability	\$ 156,286	\$ 186,780	\$ 182,590	\$ 154,163	\$ 183,488
City's covered payroll	\$ 122,981	\$ 118,693	\$ 168,114	\$ 148,416	\$ 135,674
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	127.08%	157.36%	108.61%	103.87%	135.24%
Plan fiduciary net position as a percentage of the total OPEB liability	64.16%	58.84%	64.44%	64.24%	58.99%

Schedule of City's Contributions - CERS

As of June 30,	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 16,481	\$ 11,707	\$ 11,299	\$ 17,601	\$ 13,876	\$ 12,685
Actual contribution	16,481	11,707	11,299	17,601	13,876	12,685
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 157,412	\$ 122,981	\$ 118,693	\$ 168,114	\$ 148,416	\$ 135,674
Contributions as a percentage of covered payroll	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%

City of Taylorsville, Kentucky
Notes to Pension and OPEB Schedules
Year Ended June 30, 2022

Change in Benefits and Assumptions – Pension Plan

Benefits	<u>2022</u>	<u>2021</u>
	no change	no change
Assumptions	<u>2022</u>	<u>2021</u>
Valuation date	6/30/2020	6/30/2019
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	20% of difference	20% of difference
Amortization method	Level percent of pay	Level percent of pay
Remaining amortization period	30 years, closed	25 years, closed
Payroll growth rate	2.00%	2.00%
Investment return	6.25%	6.25%
Inflation	2.30%	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%	3.30% - 11.55%
Salary increase rate - hazardous	3.05% - 18.55%	3.05% - 18.55%

Change in Benefits and Assumptions – OPEB Plan

Benefits	<u>2022</u>	<u>2021</u>
	no change	no change
Assumptions	<u>2022</u>	<u>2021</u>
Valuation date	6/30/2020	6/30/2019
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent of pay	Level percent of pay
Remaining amortization period	30 years, closed	25 years, closed
Payroll growth rate	2.00%	2.00%
Investment rate of return	6.25%	6.25%
Inflation	2.30%	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%	3.30% - 11.55%
Salary increase rate - hazardous	3.05% - 18.55%	3.05% - 18.55%
Health care cost trends:		
Pre-65	6.25% decreasing to an ultimate rate of 4.05% in 12 years	7.00% decreasing to an ultimate rate of 4.05% in 12 years
Post-65	5.50% decreasing to an ultimate rate of 4.05% in 12 years	5.00% decreasing to an ultimate rate of 4.05% in 12 years

SUPPLEMENTARY INFORMATION

City of Taylorsville, Kentucky
General Fund Activity
Year Ended June 30, 2022

	General Government	Police Department	Street Department	Sanitation Department	Total
ABC license fee	\$ 11,283				\$ 11,283
Automobile tax - county	17,561				17,561
Automobile tax - intercounty	6,147				6,147
Bank shares tax	28,438				28,438
Business license	36,993				36,993
Developer admin fee	795				795
Discount on taxes	(3,088)				(3,088)
DLG Covid-19 grant	19,997				19,997
Drug intervention		2,206			2,206
Fines, forfeitures, and penalties	1,675				1,675
Franchise fees	81,505				81,505
Grant proceedsd	344,637				344,637
HB 413 court costs		9,189			9,189
Insurance premium tax	284,491				284,491
Interest income	1,443				1,443
Intergovernmental revenue		21,556			21,556
Miscellaneous revenue	2,014	390			2,404
Occupational license tax	394,673				394,673
Penalties and interest - BL	975				975
Penalties and interest - OLT	325				325
Property tax	198,910				198,910
Sanitation				101,285	101,285
School resource officer program		39,818			39,818
Telecommunications tax	4,704				4,704
Unloading license	1,750				1,750
Total revenues	1,435,228	73,159	0	101,285	1,609,672

City of Taylorsville, Kentucky
General Fund Activity - Continued
Year Ended June 30, 2022

	General Government	Police Department	Street Department	Sanitation Department	Total
ABC admin fee		\$ 3,000	\$	\$	\$ 3,000
Admin fees	525				525
ARPA funds	7,254				7,254
Bank charges	202				202
Building maintenance	120	1,201			1,321
Capital outlay			6,097		6,097
Contract services	1,800				1,800
Drug intervention					0
Dues and donations	135				135
Engineering services					0
FEMA drainage project					0
FICA	5,991	21,107			27,098
Floodwall recertification	12,500				12,500
Insurance	951	27,153	900		29,004
KDOT sidewalk project	3,797				3,797
Legal and audit fees	7,473	3,608	378		11,459
Life insurance		32			32
Main street manager	9,000				9,000
Main street committee	10,000				10,000
Medical allowance	43,800				43,800
Medical insurance	48	23,255			23,303
Medicare	1,401	4,936			6,337
Miscellaneous		1,792	60		1,852
Multipurpose CAA	14,660				14,660
Office supplies	1,834	3,117			4,951
Projects			144,787		144,787
Postage		43			43
Publication and printing	1,823	599	314		2,736
Repairs and maintenance	3,962	10,619	38,243		52,824
Retirement		69,780			69,780
Salaries	52,823	311,646			364,469
Salaries, overtime		29,730			29,730
Sanitation				105,437	105,437
School property	2,594				2,594
Seminars and travel	379	688			1,067
Spencer youth baseball					0
State unemployment insurance		1,604			1,604
Supplies	109	2,670	1,523		4,302
Tax preparation	6,758				6,758
Taxes and licenses	212	506			718
Tourism committee					0
Training expense		440			440
Uniforms		5,359	80		5,439
Utilities	6,870	10,010	57,318		74,198
Vehicle expense		8,306	200		8,506
Vehicle fuel		21,361	86		21,447
Vehicle lease		11,387			11,387
Total expenditures	197,021	573,949	249,986	105,437	1,126,393
Change in fund balance	\$ 1,238,207	\$ (500,790)	\$ (249,986)	\$ (4,152)	\$ 483,279

	Municipal Street Activities
Intergovernmental revenue	\$ 15,602
Interest income	69
Total revenue	15,671
Expenditures	1,183
Change in fund balance	\$ 14,488

City of Taylorsville, Kentucky
Utility Fund Activity
Year Ended June 30, 2022

	Water Service	Sewer Service	Total
Activation fees	\$ 16,629	\$	\$ 16,629
Bond premium		7,036	7,036
Contributed capital	8,426		8,426
Developers admin fee	4,910		4,910
Impact fee		87,000	87,000
Interest income	6,546		6,546
KIA sewer Edgewood		4,333	4,333
KYTC projects	13,543		13,543
Lease income	24,275		24,275
Meter sets	292,300		292,300
Miscellaneous revenue	11,396		11,396
Penalties	66,632		66,632
Return check revenue	1,529		1,529
Returned check fees	(4,524)		(4,524)
Sale of assets	15,143		15,143
Sewer impact - Premier		1,000	1,000
Sewer revenue		398,509	398,509
Surcharge Phase I	53,040		53,040
Surcharge Phase II	39,858		39,858
Surcharge Phase III	6,565		6,565
Turn on and service trips	11,209		11,209
Vendors compensation	536		536
Water refunds and allowances	(6,197)		(6,197)
Water revenue	4,413,772		4,413,772
Total revenues	4,975,588	497,878	5,473,466

City of Taylorsville, Kentucky
Utility Fund Activity - Continued
Year Ended June 30, 2022

	Water Service	Sewer Service	Total
Advertising	\$ 2,458	\$ 676	\$ 3,134
Amortization	5,027		5,027
Bad debts	4,009		4,009
Bank charges	3,255		3,255
Contract labor	28,466		28,466
Cost of goods sold	43,411	155	43,566
Depreciation	750,406	234,095	984,501
Dues and subscriptions	2,631		2,631
Education and seminars	3,572	475	4,047
Engineering services	422		422
FICA	46,739	6,527	53,266
Fines	352		352
Freight	1,699	224	1,923
Inspection and lab fees	14,507	24,960	39,467
Insurance	74,232	15,426	89,658
Interest expense	197,613	26,814	224,427
Legal and audit fees	18,251	1,221	19,472
Licenses and permits	682		682
Life insurance	189	20	209
Louisville water purchased	1,639,712		1,639,712
Maintenance and repairs	111,701	48,368	160,069
Medical insurance	200,207	22,819	223,026
Medicare	10,931	1,526	12,457
Meter repair	151,339		151,339
Miscellaneous	65		65
Office supplies	19,537	548	20,085
Postage	38,790		38,790
Retirement	195,226	27,145	222,371
Salaries	750,907	99,857	850,764
Salaries, overtime	6,996	2,861	9,857
State unemployment	3,403	626	4,029
Supplies	19,755	7,293	27,048
Transfer to dispatch	15,000		15,000
Travel	998	30	1,028
Truck expense	3,743		3,743
Uniforms	14,233	2,328	16,561
Utilities	152,235	77,292	229,527
Vehicle expenses	18,942		18,942
Vehicle fuel	30,378	6,945	37,323
Total expenses	4,582,019	608,231	5,190,250
Change in fund balance	\$ 393,569	\$ (110,353)	\$ 283,216



Honorable Mayor
and Members of City Commission
City of Taylorsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Taylorsville, Kentucky (City) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City basic financial statements and have issued our report thereon dated December 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

December 2, 2022